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26 August 1985

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SUBJECT: Phone call from Russ Neeley today, 26 August 1985, regarding questions posed by OMB on our retirement legislation.

REFERENCE: 21 August Draft Response to OMB Questions

Russ Neeley advised me that he had reported to Arnie Donahue the substance of our meeting with him on 22 August and Arnie asked that the following additional information be clarified. The following items pertain to Attachments 1, 2, and 4 of reference which is attached:

ATTACHMENT 1

Russ reported that Arnie Donahue said we needed to provide more rationale including a percentage on how much we believe OPM was currently protecting our information contained in their records. He also asked that we include in our response comments related to our efforts to alleviate our concerns about information contained in other agency's files such as Labor, Social Security, IRS, etc. In discussing this matter with the Director of Personnel, we do not want to attempt to evaluate how OPM is doing on this matter. We can only address how well we are doing.

ATTACHMENT 2

On this matter, Russ relayed Arnie's question as to why it is appropriate for our employees to receive a 2 1/2% accrual rate for overseas service versus other agency's receiving the same percentage. In other words, why is it okay for us, but not appropriate for other agency's to have the same 2 1/2% accrual rate for overseas service. The Director of Personnel is not prepared to argue for other agency's benefits. We will leave that to each agency or department. We will only argue our case.

ATTACHMENT 4

In reviewing our scenario regarding transferees in and out of the Agency retirement system, Arnie believes we are establishing a larger unfunded liability problem by not requesting the money plus interest from OPM at the time an employee transfers into the Agency. Specifically, he sees the larger accrual rate increasing our unfunded liability.

I advised Russ that we would talk with our actuarial about this question.

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I advised Russ we would be meeting today with Ed Hustead on some of the questions raised at the 22 August meeting and Ed would require several days before he could provide us with the final data. In fact, I promised Russ Neeley I would call him after our meeting with Ed Hustead to advise when we would be able to provide the final package to OMB.



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